

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS
IN INDONESIA

Subject: Designation of Series FR0002 Government Bonds for Trading
on the Secondary Market

In respect of the enactment of Bank Indonesia Regulation Number 1/10/PBI/1999 dated December 3, 1999, concerning Portfolio of Government Bonds for Commercial Banks Participating in the Recapitalization Program and Bank Indonesia Regulation No. 2/10/PBI/2000 dated March 29, 2000, concerning Amendment to Bank Indonesia Regulation Number 1/10/PBI/2000 concerning Portfolio of Government Bonds for Commercial Banks Participating in the Recapitalization Program, in particular Article 3 paragraph (2) which stipulates that Bank Indonesia may designate and announce the type and series of trading Bonds in a Circular Letter of Bank Indonesia, it is deemed necessary to designate an additional series of trading Government Bonds to the existing Bond series in a Circular Letter.

In view of the rising market demand, Bank Indonesia has designated additional Government Bonds for trading on the secondary market, as follows:

I. **ADDITIONAL SERIES OF TRADING BONDS**

1. Series FR0002 Government Bonds may be traded on the secondary market.
2. The value of Series FR0002 Bonds to be traded shall not exceed 10% (ten percent) of the overall value of Bonds purchased when the Bank received equity participation in cash from the Government under the

Recapitalization...

Recapitalization Program for Commercial Banks, subtracted by outstanding Bonds recorded in the trading portfolio.

3. The Bank shall be required to arrange bookkeeping transfer from the investment portfolio to the trading portfolio for all Series FR0002 Government Bonds under its ownership in the nominal trading value as mentioned above.

II. APPLICATION PROCEDURE FOR SERIES FR0002 BONDS FOR TRADING ON THE SECONDARY MARKET

1. Banks shall provide notification of Series FR0002 Bonds for trading.
2. This notification shall be delivered to the Directorate of Monetary Management, Jl. M.H. Thamrin No. 2, Jakarta, Building B 13th floor, Bank Indonesia, with a copy to the relevant Directorate of Bank Supervision. The notification shall be accompanied by the nominal trading value.

III. CONCLUDING PROVISIONS

The provisions of this Circular Letter shall come into force on June 27, 2000.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA

(signed)

DJOKO SARWONO

Deputy Director